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CIA Attempted To Cut Funds, Senator Says

Young States Other Government Units Nullified Effort

By the Associated Press

The Central Intelligence Agency sought to curtail its financing of private organizations in the past but ran into objections from other arms of the government, says Sen. Milton R. Young.

The North Dakota Republican said every investment the CIA

NSA Aide Bared as Helping Setup
CIA Output Fund. Page A-3

made in an organization outside the government was undertaken on written instructions, apparently from the National Security Council.

He said the spy agency's checks were subject to scrutiny in the Bureau of the Budget, like the Security Council, a White House agency.

Young said in some instances CIA financial support originally was promoted by the State Department.

Bought Change in Orders

Young, senior Republican on the Senate panel which oversees CIA financing and operation, said the intelligence agency was trying to get some of its instructions changed prior to the public storm that broke last week with disclosure it had been subsidizing the National Student Association.

Young said secrecy restrictions barred his giving a more detailed description. He talked after CIA Director Richard Helms briefed the Senate panel for three hours yesterday. Helms also met with the House Foreign Affairs Committee.

Sen. Richard B. Russell, D-Ga., chairman of the Senate subcommittee, said Helms reported the agency is withdrawing financial support of some private organizations.

Russell did not make clear whether the Helms report involved a halt in aid to groups secretly receiving CIA funds. He did not answer newsmen's questions after the hearing.

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Other Developments

In other developments: Sources close to President Johnson said he will make no statement about CIA subsidies until a panel of three government officials completes its review of the situation.

Senate Democratic Leader Mike Mansfield said he flatly opposes secret government investment in private organizations.

The student body president of the University of California at Berkeley, Dan McIntosh, said the National Student Association's international program is dead. The credibility of United States students abroad is greatly damaged." He is on the NSA board.

Peter O'Donnell Jr., Texas Republican chairman, said the O'Donnell Foundation, which he heads has served as a conduit for CIA funds.

Republican Reps. Donald E. Lukens of Ohio and John E. Hunt of New Jersey demanded a congressional investigation to determine "how much of the millions of dollars of the taxpayers' money the CIA channeled to private organizations was used for leftist purposes."

Johnson Wants Solid Facts

The presidential sources said Johnson does not want to prejudge the case, wants solid facts before speaking publicly and wants the benefit of judgment and recommendations of the investigating panel of Helms, Undersecretary of State Nicholas Katzenbach and Secretary of Health, Education and Welfare John W. Gardner.

Mansfield said: "I don't believe the CIA should be a source for covert funds of this nature."

But, he said, the State Department and other government agencies could properly and publicly provide funds to help send American students to international youth meetings.

Mansfield would not discuss the substance of the Helms report. "The meeting with

Helms was very satisfactory," he said.

Russell said the CIA would do well to stay out of student-linked programs. But at the same time, he said, the money invested in NSA operations was well spent.

"It probably paid a higher dividend to stop Communist propaganda than almost any other program," he said. "... So far as the talk that there's been anything done that impinged on academic freedom or subverts youth, that's just a lot of hogwash."

O'Donnell would not give details of the transactions between his foundation and the CIA, saying, "I will have more to say about it at a later date." This is the fourth Dallas-based foundation to be named in connection with the case.

O'Donnell said the foundation was not set up solely as a CIA channel, but added that it had no connection with his political party work.

The executive board of the Washington-Baltimore Newspaper Guild adopted a resolution last night calling on the president of the American Newspaper Guild to set up a special committee to investigate reports the Guild's overseas activities have been financed by the CIA.

Previously, the executive boards of two New York units of the Guild had adopted resolutions expressing confidence in the union's national officers.

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